

# SENATE JOURNAL

*Fifty-sixth Legislature—Second Called Session*

AUSTIN, TEXAS, WEDNESDAY, JUNE 17, 1959

## PROCEEDINGS

### FIRST DAY

(Wednesday, June 17, 1959)

In obedience to the proclamation of the Honorable Price Daniel, Governor of the State of Texas, the Senate met in the Senate Chamber at the City of Austin, on the 17th day of June, 1959, at 11:00 o'clock a.m. and was called to order by the President.

### Temporary Officers

The President announced the appointment of the following as temporary officers of the Senate:

Secretary, Charles Schnabel.  
Journal Clerk, Minnie Meier.  
Calendar Clerk, Martha Turner.  
Doorkeeper, Charles Jones.  
Sergeant-at-Arms, John Dorman.  
Chaplain, Reverend W. H. Townsend.

### Quorum Present

The President directed the Secretary to call the roll of the Senate.

The roll was called and the following Senators were present:

Aikin	Martin
Baker	Moffett
Bradshaw	Moore
Colson	Parkhouse
Crump	Phillips
Dies	Ratliff
Fly	Reagan
Fuller	Roberts
Gonzalez	Rogers
Hardeman	Secrest
Hazlewood	Smith
Herring	Weinert
Kazen	Willis
Krueger	Wood
Lane	

### Absent—Excused

Hudson Owen

The President announced a quorum of the Senate present.

The invocation was offered by the Reverend W. H. Townsend, Chaplain, as follows:

"Most holy and righteous Father, for the night's rest, the refreshing sleep, and the dawning of a new day, accept our grateful thanks. Create within us clean hearts, and renew a right spirit within us. For Christ's sake. Amen."

### Leaves of Absence

Senator Owen was granted leave of absence for today on account of important business on motion of Senator Herring.

Senator Hudson was granted leave of absence for today on account of important business on motion of Senator Herring.

### Proclamation by Governor Calling Special Session

The President laid before the Senate and directed the Secretary to read the proclamation from the Governor:

### PROCLAMATION by the

Governor of the State of Texas

To All to Whom These Presents Shall Come:

I, Price Daniel, Governor of the State of Texas, do by virtue of authority vested in me by the Constitution of Texas, hereby call a special session, 56th Legislature, to be convened in the City of Austin, commencing at 11 a.m., Wednesday, the 17th day of June, A.D., 1959, for the following purposes:

1. To provide for the retirement of the deficit in the State Treasury existing for the present fiscal year ending August 31, 1959, by the enactment of sufficient revenue-raising measures.

2. To enact appropriations for general State services authorized under existing law or Acts of the 56th Leg-

islature, Regular Session and First Called Session, for the biennium beginning September 1, 1959, and ending August 31, 1961, and to provide sufficient new revenue to finance such appropriations. Specifically, this call does not include the submission of appropriations or the raising of revenue for purposes not heretofore authorized by existing laws or enactments of the Regular Session and First Called Session of the 56th Legislature.

3. To provide for adequate procedures for the custody, reporting and escheat of property to which the State is entitled under present laws and amendments relating thereto.

4. To provide for legislation to adequately protect State and public rights and uses of the beaches along the Gulf of Mexico and prevent further obstructions and interferences therewith.

5. To consider and act on such other subjects and questions as the Governor may submit from time to time.

The Secretary of State will take notice of this action and will notify the members of the legislature.

Done at Austin, Texas, this sixteenth day of June, A.D., 1959, under the Seal of this State properly attested by the Secretary of State.

PRICE DANIEL  
Governor

SEAL:

Attest: Zollie Steakley, Secretary of State.

The Proclamation was read and was filed with the Secretary of the Senate.

#### Motion in Writing

Senator Aikin submitted the following motion in writing:

Mr. President:

I move that the President be authorized to appoint a committee of five (5) Members to notify the Governor that the Senate is organized and ready for business.

The motion was read and was adopted.

Accordingly, the President announced the appointment of the following as a Committee to notify the Governor:

Senators Colson, Baker, Reagan, Kazen and Smith.

#### Motion in Writing

Senator Aikin submitted the following motion in writing:

Mr. President:

I move that the President be authorized to appoint a committee of five (5) Members to notify the House that the Senate is organized and ready for business.

The motion was read and was adopted.

Accordingly, the President announced the appointment of the following as a Committee to notify the House of Representatives:

Senators Bradshaw, Crump, Moore, Gonzalez and Roberts.

#### Senate Resolution 1 (Caucus Report)

Senator Aikin offered the following resolution:

Austin, Texas,  
June 17, 1959.

Honorable Ben Ramsey  
Lieutenant Governor  
Senate of Texas  
Austin, Texas

Sir: At a caucus held in the office of the Senate attended by 23 Members of the Senate, the following recommendations were made, to wit:

The following officers were elected to serve for the 56th Legislature, Second Called Session, and at the salaries set opposite their names:

Secretary of the Senate, Charles Schnabel, \$500.00 per month.

Three Assistant Secretaries of the Senate, which shall be appointed by the Secretary of the Senate, \$14.00 per day.

Journal Clerk, Mrs. Minnie Meier, \$15.00 per day.

Sergeant-at-Arms, for the duration of the Second Called Session, John Dorman, \$16.50 per day.

Doorkeeper: Charlie Jones, \$13.00.

Chaplain, Rev. W. H. Townsend, \$11.00.

Calendar Clerk, Mrs. Martha Turner, \$14.00.

Engrossing and Enrolling Clerk, Miss Essie McGinnis, \$19.00.

Postmistress, Mrs. Vance Stockton, \$14.00.

Mailing Clerk, Mrs. John Draper, \$14.00.

Parliamentarian, named by the Lieutenant Governor, Miss Nancy Moody, \$16.50.

It is recommended that the Lieutenant Governor and the Secretary of the Senate each be permitted to name one secretary, the secretary of the Lieutenant Governor to receive \$16.00 per day and the secretary of the Secretary of the Senate to receive \$14.00 per day. The salaries of other employees of the Senate may be supplemented at the discretion of the Contingent Expense Committee. All officers and employees elected by this Caucus shall hold their office or employment for the duration of the Second Called Session of the 56th Legislature.

It is further recommended that each Senator shall be permitted to employ a secretary and other office help at a maximum payroll of \$38.00 per day for each such Senator's secretary and employees with the maximum pay of \$14.00 per day for any such secretary or other office employee. The names of such employees shall be referred to an assignment committee hereinafter provided for and such committee shall be authorized to select employees from such list. Salaries of other employees, unless otherwise fixed by the Senator, shall be \$12.00 per day.

It is further recommended that the Lieutenant Governor be authorized to name a committee of five, such committee shall be designated as an Assignment Committee for the purpose of assigning employees as herein authorized and the committee be authorized to select sufficient additional employees to be assigned by it when and where needed.

It is further recommended that the employees and the porters who were selected to prepare the Senate Chamber in advance of the meeting be allowed pay for their services.

It is further recommended that the several appointments of employees heretofore made by the Lieutenant Governor and announced in the Senate and considered by the caucus are confirmed.

The salaries of the day and night elevator operators shall be \$8.00 per

day each, and the salaries of the porters shall be \$7.00 per day each, except the head porter whose salary shall be \$12.00 per day and the porter carrying the mail shall receive \$7.00 per day, and the salaries of the pages shall be \$5.00 per day, and the salaries of the messengers shall be \$6.50 per day.

The Lieutenant Governor is requested to recommend that the Southwestern Bell Telephone Company employ Miss Mary Jacobs to attend the duties of the telephone operator of the Senate, and a night operator be named by the assignment committee, out of the employees whose names are filed with said committee.

The Lieutenant Governor, Senators and the Secretary of the Senate are hereby fully authorized and empowered to use any assistant Sergeant-at-Arms and all other necessary employees for any and all services needed in and about the Senate.

It is further recommended that no employee of the Senate, shall, during the time he or she is employed, furnish to any person, firm or corporation any information other than general information furnished the public pertaining to the Senate, and they shall not receive any compensation from any person, firm or corporation during their employment by the Senate, and any employee found guilty of violating this provision shall be immediately discharged.

All employees, except those responsible directly to the Lieutenant Governor, Members of the Senate, Secretary of the Senate, committee, or to the head of a department, shall report for duty at eight o'clock a.m., and one o'clock p.m., each day to the Sergeant-at-Arms of the Senate, except part-time employees who shall report at the place and time directed by the Sergeant-at-Arms, and none of such employees shall be paid for the days they are absent from the Senate, unless excused by the Sergeant-at-Arms.

It is further recommended that the Lieutenant Governor, each Senator and the Secretary of the Senate, be allowed the stationery and postage needed by them, respectively, and expenses incurred in transmitting and receiving telephone and telegraph messages and express charges as may be actually necessary in the discharge of their official duties, said expenses to be paid out of the contingent fund.

It is further recommended that 1700 Journals be printed, all of which shall be prorated among the Senators and Lieutenant Governor, except that 175 Journals shall be furnished the members of the House.

It is further recommended that the State Library be furnished 75 copies of the daily Journals.

It is further recommended that the Senate request the State Comptroller of Public Accounts, to issue general revenue warrants for pay of the Members and employees of the Senate upon presentation of the payroll account signed by the Presiding Officer and the Secretary of the Senate.

It is further recommended that each Senator, the Lieutenant Governor, the Secretary of the Senate, and Librarian be permitted to subscribe for 4 newspapers to be paid for out of the contingent fund.

The elected officers of the Senate may select, subject to the approval of the Contingent Expense Committee, employees to fill such key positions as may be authorized by said committee.

It is further recommended that the President of the Senate has exclusive appointment of a sufficient number of custodians, messengers, pages, elevator operators, porters and other employees as in his judgment may be necessary.

It is further recommended that the Chairman of the Finance Committee shall have authority to employ such additional employees of his own selection as may be needed by said committee, said employees to receive the same compensation paid similar positions as herein fixed, who shall discharge the duties of the Finance Committee.

It is further recommended that the private rooms allotted to the Senators by the method as adopted by the caucus be assigned to Senators and their successors unless otherwise directed by the Senate.

It is further recommended that each Senator, as quickly as possible, file with the Secretary of the Senate the name of his private secretary selected; that he also file with the Chairman of the Assignment Committee aforesaid the names of the employees selected, together with his or her post office address.

Be it further Resolved, That no employee of the Senate except those

whose official duties require them to work upon the floor of the Senate shall have access to the floor unless that employee shall have been requested by a Senator, the Lieutenant Governor, or the Secretary of the Senate to come on the floor for some official duty, which, when performed, he will immediately leave the floor of the Senate. The Sergeant-at-Arms is specifically ordered to see that this provision is carried out.

Only those who have the privileges of the floor during the sessions of the Senate shall be permitted on the Senate floor for a period of thirty minutes prior to the time the Senate convenes. The Sergeant-at-Arms is instructed to enforce this rule and to permit only those having the privileges of the floor to enter or remain on the Senate floor during such thirty-minute period.

Respectfully submitted,

**WEINERT**

Chairman of the Caucus

**AIKIN**

Secretary of the Caucus

On motion of Senator Aikin and by unanimous consent the reading of the report was dispensed with and the resolution was adopted.

### Record of Vote

Senator Moffett asked to be recorded as voting "Nay" on the adoption of the above resolution.

### Senate Resolution 2

Senator Aikin offered the following resolution:

Resolved, That the permanent rules of the Senate of the 56th Legislature as adopted by the Senate on January 13, 1959, and as published in the Manual of the 55th Legislature, be adopted as the permanent rules of the Senate for the Second Called Session of the 56th Legislature.

The resolution was read and was adopted by the following vote:

Yeas—29

Aikin	Gonzalez
Baker	Hardeman
Bradshaw	Hazlewood
Colson	Herring
Crump	Kazen
Dies	Krueger
Fly	Lane
Fuller	Martin

Moffett	Rogers
Moore	Secrest
Parkhouse	Smith
Phillips	Weinert
Ratliff	Willis
Reagan	Wood
Roberts	

Absent—Excused

Hudson	Owen
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#### Oath of Office Administered to Officers of the Senate

The President requested the elected officers of the Senate to proceed to the Bar of the Senate and they were administered the Constitutional Oath of Office.

#### Governor Notified

The Committee to Notify the Governor that the Senate was organized appeared at the Bar of the Senate and Senator Colson for the committee notified the President and the Senate that it had performed the duty assigned it.

#### House Notified

The Committee to Notify the House that the Senate is organized appeared at the Bar of the Senate, and Senator Bradshaw for the committee notified the President and the Senate that the committee had performed the duty assigned it.

#### Senate Notified

A committee from the House appeared at the Bar of the Senate and Representatives Huebner for the committee announced that the House of Representatives was organized and ready to transact business.

#### Election of President Pro Tempore

The President announced the election of the President pro tempore for the Second Called Session of the Fifty-sixth Legislature as the next order of business.

Senator Moffett nominated the Honorable Andy Rogers of Childress County to be President pro tempore.

Senators Secrest, Smith, Aikin, Gonzalez and Willis, seconded the nomination of Senator Rogers for President pro tempore for the Second Called Session of the Fifty-sixth Legislature.

Senators Martin, Krueger and Colson were appointed as tellers to take up and cast the ballots.

The ballots were taken up and counted and the result was announced as follows:

Senator Rogers received 28 votes with 1 present not voting.

The President declared that the Honorable Andy Rogers had been duly elected President pro tempore of the Senate for the Second Called Session of the Fifty-sixth Legislature and Senators Moffett, Secrest and Herring were appointed to escort Senator Rogers and family to the President's rostrum.

Senator Rogers was then administered the Constitutional Oath of Office as President pro tempore for the Second Called Session of the Fifty-sixth Legislature by the President.

The President presented Mrs. Rogers, Paula Ann, Andrea and Jake, their children, to the Senate.

He then presented Senator Rogers as the President pro tempore for the Second Called Session of the Fifty-sixth Legislature.

Senator Rogers addressed the Senate expressing appreciation for the honor bestowed on him and promised full cooperation to the Members of the Senate.

#### Message from the House

Hall of the House of Representatives,  
Austin, Texas,  
June 17, 1959.

Hon. Ben Ramsey, President of the Senate.

Sir: I am directed by the House to inform the Senate that the House has passed the following:

H. C. R. No. 2, Calling a Joint Session to hear the Governor's message at 2:00 p.m. June 17, 1959.

H. C. R. No. 1, Granting permission to adjourn from Wednesday, June 17, 1959, until Monday, June 22, 1959.

H. C. R. No. 3, Concerning the salaries of Members of the Legislature.

Respectfully submitted,

DOROTHY HALLMAN,  
Chief Clerk, House of Representatives

#### Senate Resolution 3

Senator Krueger offered the following resolution:

Whereas, We are honored today to

have in the gallery of the Senate, the Cub Scout Pack No. 202 of Flatonia, Texas, Scout Felix Mica, Den Chief, accompanied by their Cubmaster Frank Pechacek, Jr.; Committee Chairman, Reverend Joe Scott; Committeeman John Kallus; and Den Mothers Mary Finger, Mabeth Bigley, and Eugenia Kallus; Marvin Finger and Esther Lee Prihoda; and

Whereas, These students of today are the citizens, leaders, and statesman of tomorrow, who, with the acceptance of democracy's heritage, must carry on the responsibilities of self-government; and

Whereas, It is highly commendable that these young people are demonstrating, by their visit in the Senate, an interest in the processes of their state government; now, therefore, be it

Resolved, That we extend to these students a cordial welcome; and that a copy of this Resolution, bearing the official seal of the Senate, be sent to them in appreciation of their visit.

The resolution was read and was adopted.

#### Senate Resolution 4

Senator Secrest offered the following resolution:

Whereas, We are honored today to have as visitors in the Senate Apostolos Aidonas, member of Parliament of Greece, and his interpreter, Memas Kolaitis of Washington, D. C.; and

Whereas, We desire to welcome these distinguished visitors to the Capitol Building and Capital City; now, therefore, be it

Resolved, That their presence be recognized by the Senate of Texas and that they be extended the official welcome of the Senate.

The resolution was read and was adopted.

Senator Secrest by unanimous consent presented the distinguished guests to the Members of the Senate.

#### House Concurrent Resolution 2 on Second Reading

The President laid before the Senate on its second reading the following resolution:

H. C. R. No. 2, Providing Joint Session to hear Governor's message at 2:00 o'clock p.m. today.

The resolution was read and was adopted.

#### House Concurrent Resolution 1 on Second Reading

The President laid before the Senate on its second reading the following resolution:

H. C. R. No. 1, Granting permission to adjourn from Wednesday, June 17, 1959, until Monday, June 22, 1959.

The resolution was read.

On motion of Senator Weinert and by unanimous consent the resolution was considered immediately and was adopted.

#### House Concurrent Resolution 3 on Second Reading

The President laid before the Senate on its second reading the following resolution:

H. C. R. No. 3, Providing Mileage and Per Diem for the Members of the Legislature.

The resolution was read and was adopted.

#### Senate Resolution 5

Senator Gonzalez offered the following resolution:

Whereas, We are honored today to have as a visitor in the Senate Phil Willis of San Antonio; and

Whereas, We desire to welcome this distinguished visitor to the Capitol Building and Capital City; now, therefore, be it

Resolved, That his presence be recognized by the Senate of Texas and that he be extended the official welcome of the Senate.

The resolution was read and was adopted.

Senator Gonzalez by unanimous consent presented Mr. Willis to the Members of the Senate.

#### Recess

On motion of Senator Martin the Senate at 11:56 o'clock a.m. took recess until 1:50 o'clock p.m. today.

#### After Recess

The President called the Senate to order at 1:50 o'clock p.m. today.

#### Committee to Escort Governor Daniel to the Joint Session

The President announced the appointment of the following committee

pursuant to the provisions of H. C. R. No. 2 to escort Governor Daniel to the Joint Session:

Senators Aikin, Kazen, Herring, Secrest and Rogers.

#### Motion to Recess

On motion of Senator Kazen the Senate agreed to take recess at the conclusion of the Joint Session until 10:30 o'clock a.m. tomorrow.

#### Joint Session

(To hear address of Governor Price Daniel)

The President announced at 1:55 o'clock p.m. that the time had arrived pursuant to the provisions of H. C. R. No. 2 for the Joint Session to hear the address of Governor Price Daniel.

The President of the Senate and the Senators present escorted by the Sergeant-at-Arms and the Secretary of the Senate proceeded to the Hall of the House of Representatives at 1:55 o'clock p.m.

The President was invited to occupy a seat on the Speaker's Rostrum.

The Senators were announced and were admitted and escorted to seats prepared for them along the aisle.

The President called the Senate to order, and announced a quorum of the Senate present.

Honorable Waggoner Carr, Speaker of the House of Representatives, called the House to order, stated the purpose of the Joint Session and announced a quorum of the House present.

The Honorable Price Daniel, Governor of the State of Texas, accompanied by Mrs. Daniel and Mr. Zollie Steakley and party were announced by the Doorkeeper of the House.

The Governor's party was escorted to the Speaker's rostrum by Senators Aikin, Kazen, Herring, Secrest and Rogers, on the part of the Senate, and Representatives Cory, Dewey, Percy, Kennard and Jamison, on the part of the House.

The Speaker of the House presented the Honorable Price Daniel, Governor of Texas, to the Joint Session.

Governor Daniel addressed the Joint Session as follows:

To the Members of the 56th Legislature:

I share your disappointment in the failure to solve the State's financial problems during the four-month Regular Session and the 30-day Called Session which ended last night. However, I hasten to thank and commend all of you who labored in good faith on this important task and wish you success in this Second Called Session.

I know you are weary and tired. If possible, I would have delayed the call of this Second Special Session. That was impossible because even a day's delay in meeting the State's financial crisis is too expensive upon the taxpayers of our State.

As you know, for every month of delay in the effective date of the new tax bill, we must levy approximately \$7,000,000 in additional taxes for the next fiscal year. At this rate, further delay will cost the taxpayers of this State over \$200,000 per day in additional taxes.

We have reached the time when delay between sessions and during long weekends has become very expensive to the people we serve. In fact, the time has come when a vote against adjournment is a vote for economy, and when expedition will substantially lighten the total tax which we must levy for the next year.

Furthermore, the immediate continuation of the unfinished task will enable you to salvage much of the hard work already performed. Although this is technically and legally a new session, in truth and in fact it is a mere continuation of the unfinished business of passing a general appropriation bill and raising the necessary revenue. Your committees have held full and complete hearings in both the House and Senate on my tax recommendations and all other tax bills which have been offered. In my opinion, your committees would be fully justified in beginning immediate action this afternoon on both the tax and appropriation bills.

Thus, considering this session as a mere continuation of that which ended last night, I shall stand on the fiscal recommendations which I made to you 30 days ago. They were delivered to you in person and by printed message dated May 18, 1959. It is unnecessary that I repeat them to you on this occasion. Instead, I adopt

these recommendations as the best that I have to offer for a fair and equitable distribution of the new tax burden required to retire the deficit and meet expenditures for the next two years.

By way of emphasis, I simply remind you of my recommendation that the people and their family budgets should not be taxed any heavier than corporations and natural resources. I believe we should preserve a healthy tax climate for business but also a healthy tax climate for individual human beings.

According to the Texas Almanac's figures, based on the last federal census, a majority of the families of this State have gross earnings of less than \$3500 per year. Corporate profits, especially of natural gas pipelines, have increased far more in recent years than our family incomes.

Of course, the corporations and natural gas people have their paid representatives here to look after their interests. The average families of this State have no special representatives in the "Third House." They must depend alone upon their elected representatives—the Governor and the Legislature—to look after their interests.

It is our job to see that taxes are left in a fair and proper proportion between the business and corporate interests on the one hand, and individual citizens on the other. This is no easy task, because the people's elected representatives are far outnumbered by those who speak for special interests in this capital city. In this city we have at least five registered lobbyists for every one legislator. They have a right to be here, to see that justice is done to their corporations in the matter of taxation, but you and I have the duty to see that they do not bring about an injustice upon the individual citizens or thwart the will of the people of Texas.

My strong advocacy of increased taxes on natural gas pipeline companies and interstate corporations has incurred the ill will and powerful opposition of one of the strongest and most persistent lobbies that this capital has ever known. It is nothing new to me. I landed here as a member of this House 20 years ago, in the midst of a similar tax fight. I withstood the pressures from the same vested interests which are exerted upon you today. I understand some of

the gas lobby has decided to make this session an all-out fight against the Governor. I am not the first Governor who has been cursed and criticized across the dining tables of the Stephen F. Austin and Driskill hotels, and I hope I will not be the last.

Governor Jim Hogg, who was a constant target of the special interests, called these gentlemen the "Knights of Congress Avenue." In a speech at the old Opera House, Austin, Governor Hogg said:

"Let's have Texas, the Empire State, governed by the people in Texas; not Texas, the truck-patch, ruled by corporate lobbyists."

We have drifted a long way from the philosophy of Governor Jim Hogg, who advocated a higher franchise tax on foreign corporations than on domestic companies. Today we have a corporate franchise tax which discriminates against domestic corporations in favor of the multi-billion dollar corporations of New York, Delaware and Pennsylvania. This discrimination in favor of interstate corporations should be removed by requiring them to pay on the same tax formula that is applied in their own States and that their own States apply to Texas corporations which operate in those States.

It is inconceivable to me that with this discrimination properly called to our attention by the Texas Research League and the Texas Tax Study Commission, that we should fail to adjust the corporate franchise tax formula so that the 7,000 foreign and interstate corporations will pay more nearly on the same basis as our 33,000 wholly domestic corporations.

Of course, you and I know that the major issue which has deadlocked this Legislature has been the question of whether natural gas pipeline companies should bear a fairer and larger share of the tax burden of this State. I think they should. I am positive that a majority of the people of this State, if permitted to vote on the issue, would favor additional taxes on those who have tied up the natural gas reserves of this State and who are transporting to other States and foreign countries 53% of all marketed gas produced in Texas.

I sincerely believe this view is shared by a majority of the members of the House and Senate and that a majority in each House is nearer to-



gether on the subject than indicated by some of the votes during the last 30 days.

I see no reason to put all of the natural gas tax increase on Texas producers and royalty owners when there is a constitutional method available for placing it on the gas pipeline companies. I have recommended a severance beneficiary tax which the Attorney General of this State has upheld as being constitutional. It would fall principally upon the gas pipeline companies. It would make our total tax on natural gas less than half the amount now being collected by our chief competitor State, Louisiana.

My only regret is that I did not recommend a higher tax on these pipeline companies. As I pointed out in my message of May 18, Governor Shivers, one of the most conservative Governors in the history of our State, recommended to the Legislature in 1954 a similar tax of  $\frac{1}{2}$ ¢ per MCF. On average priced gas, this would be considerably higher than what I have recommended. I suggested the lower and more reasonable figure in the hope that business statesmanship on the part of the gas pipeline companies would lead them to accept rather than oppose this measure. On the contrary, they have fought it as much as if I had recommended the higher tax. If you do not accept at least the 3% severance beneficiary tax which I originally recommended, in addition to the present 7% production tax, then I recommend your consideration of a gross receipts tax levied directly on gas pipeline companies, based on all receipts in Texas and half of all receipts from interstate transmission and sales. This could be set at a rate that would bring even more revenue than the tax which I have heretofore recommended, and this apportionment of interstate sales has been upheld in connection with income tax and franchise tax cases in other States.

In view of the passage of the Bookkeeping Bill, for which I commend and congratulate you, the remainder necessary in new revenue to meet the tentative appropriation bill agreed upon by the joint conference committee and retirement of the deficit is approximately \$181 million. I understand that a bill will be introduced or has already been filed with sufficient additions to raise this amount.

If the Abandoned Property-Escheat Bill, or any reasonable version there-

of, is enacted, the sum of \$25 million can be deducted from the proposed new taxes. Thereby the taxpayers of this State will be saved \$25 million by simply providing ways and means for the Attorney General to collect the money which now belongs to the State under the present law of escheat. This bill can be reduced to a simple three or four-page measure requiring annual reporting of all monies now held by banks, oil companies or other institutions which are subject to the present escheat laws, providing for auditing of these reports and class actions by the Attorney General under present laws.

If any one of us had \$25 million which we had inherited but which was held by various unknown banks and oil companies, and they refused to reveal their records or turn over the money, I am sure that we would equip our lawyers to take them to the courthouse very promptly. If necessary, I am sure we would ask the Legislature to pass a law requiring such institutions to make their books available to interested parties. That is exactly the position in which the State stands today. The State has inherited, so to speak, millions of dollars now being held and used by banks, pipeline companies and other institutions because there are no other owners or heirs, and because our present law says that under such circumstances the property escheats to the State. According to court decisions, this money already belongs to the State. As representatives of the State, it is our duty to provide the State's attorney with the means to identify the money, find heirs or owners if they exist, and if not, bring court actions which will transfer the money to the State.

I do not believe that we should impose an additional \$25 million in taxes on the people of this State in order that the banks and other institutions may continue to use this money free, and in some instances to dissipate and consume it by service charges.

I am sure there is no need for me to stress further the emergency nature of this session. Every function of State government, including the operation of our schools, colleges, hospitals, and prisons, and payment of State salaries and old age pensions, depends upon the enactment of an appropriation bill before September 1, together with a tax bill to support it.

I read a newspaper story Sunday which said that if we fail to work out

our money troubles before September 1, "vital State services will be seriously crippled." That is an understatement. Such services not only will be crippled, they will be completely stopped. Not one dollar of State money can be spent without a new appropriation bill in effect by September 1.

Time is of the essence for another reason. Most of the other States with financial difficulties far worse than Texas have met their problems. It will not help the good name of our State to stand alone with Michigan as the only States which have not put their financial houses in order.

Furthermore, our struggle throughout the years to preserve State rights is at stake. We merely surrender these rights when we fail to exercise them. We cannot compete with the Federal Government unless we raise the money here at home to take care of our State responsibilities. In this connection, I remind you that the large corporate interests which have opposed the taxes I have recommended will pay to the Federal Government 52% of every dollar that they save by defeating or reducing their tax bills here in Texas.

When we fail to levy fair and adequate corporation taxes which are deductible from the federal income tax, it simply means that the Federal Government will get 52% of all we fail to collect. It will be used to compete with Texas and the other States in rendering services and taking over operations that should remain at the State and local level.

The fact that all of the business taxes I have recommended can be deducted from the federal income tax, while a majority of the selective sales taxes falling upon individuals cannot be so deducted, is another good reason why we should maintain as nearly as possible a fair and equal division of the new tax burden, between corporations and individuals.

With these comments, I leave the matter in your hands. Contrary to some expressed beliefs, I do not wish to dictate or direct your decisions. I will make recommendations and I will fight for them in the manner that I deem best. The people of Texas elected me to this office and I am beholden only to them. They elected you, too, and while we may disagree on some of the vital issues, I shall always respect your offices and your responsibility under the Constitution.

I assure each of you of my cooperation any time that it is desired, day or night, from this minute forward until the burden and responsibility of this session has been discharged. Without delaying your work another minute, I check the matter to you and wish you every success on behalf of the finest people and the greatest State any public officials could ever be privileged to serve.

#### **Recess**

At the conclusion of the Joint Session the President announced at 2:38 o'clock p.m. that the Senate would stand recessed until 10:30 o'clock a.m. tomorrow on motion previously adopted in the Senate.

#### **After Recess**

#### **FIRST DAY**

(Continued)

(Thursday, June 18, 1959)

The Senate met at 10:30 o'clock a.m., and was called to order by the President Pro Tempore.

#### **Senate Bill 1 on First Reading**

By unanimous consent the following bill was introduced, read first time and referred to the Committee indicated:

By Senator Herring:

S. B. No. 1, A bill to be entitled "An Act directing payment of certain miscellaneous claims and judgments out of the sum appropriated for that purpose in the General Appropriation Bill for the Biennium September 1, 1959-August 31, 1961, making an appropriation for and directing payment of certain miscellaneous claims and judgments out of other funds designated herein; requiring approval of claims in the manner specified in the Act before payment is made; and declaring an emergency."

To the Committee on Claims.

#### **Senate Resolution 6**

Senator Roberts offered the following resolution:

Whereas, We are honored today to have in the gallery of the Senate, Professor Marvin Stewart of McAllen, Texas; and

Whereas, Mr. Stewart has been a